

LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	UKPNT205	Question Number	UKPNT205 -36
Question date	8 October 2013	Answer date	11 October 2013
Submission section question relates to	Expert panel bilateral		
Topic	Funding		
Question	Please clarify the source of the overall project cost reduction identified in your slides at the expert panel bilateral.		
Notes on question			
Answer	<p>The total cost of the V-CEE project has reduced from £5.801 million to £5.490 million; a reduction of £311k.</p> <p>This has been possible by:</p> <ul style="list-style-type: none"> Reducing the cost of the data loggers and temperature monitoring equipment required by £151k. This is as a result of researching different equipment solutions / suppliers whilst ensuring that sufficient protection is in place to detect customers turning down to unacceptable levels; and Removing the communications costs of remote data collection across a wide area network, by utilising the communications infrastructure already being provided and installed by the project to link the smart meter to the In Home Display, thereby saving a further £160k. <p>The LCN Funding Contribution has reduced from £3.978 million to £3.433 million, a reduction of £545k, which is due to:</p> <ul style="list-style-type: none"> the reduction in the overall project cost (as described before), which has directly reduced the LCNF contribution; a small additional increase in partner funding of £1k; plus the extra DNO contribution that UK Power Networks is making to the V-CEE project (from the compulsory 10%) to 15%. The extra DNO contribution by UK Power Networks equates to £431k (please see Note 1 below). This reflects the importance with which we view the project. <p>After discounting this £545k in the submission spreadsheet, this has reduced our funding request from £3.852 million to £3.322 million; a net reduction of £530k.</p>		

	<p>Additionally, reducing the potential cost of the project further, UK Power Networks has:</p> <ul style="list-style-type: none">• withdrawn the proposed protection against project cost over-run request of 5%; this will be shown as “not applicable” in our resubmission; and• waived any right to discretionary rewards as a result of this project, believing it to be an important strategic project to protect fuel poor customers and wishing to minimise the overall LCNF costs, which are passed on to customers. <p>Note 1:</p> <p>Please note that in our resubmission, UK Power Networks is contributing £431k above the mandatory 10% contribution.</p> <p>As displayed on slide 10 of our presentation at the second bilateral with the Expert Panel, UK Power Networks total contribution has increased from £580k to £813k. This is an extra contribution of £234k in resource costs.</p> <p><i>V-CEE Full Bid Submission:</i></p> <table><tr><td>Initial Project Cost:</td><td>£5,801k</td></tr><tr><td>Mandatory 10% DNO Contribution:</td><td>£580k</td></tr><tr><td>Total DNO Contribution:</td><td>£580k</td></tr></table> <p><i>V-CEE Full Bid Resubmission:</i></p> <table><tr><td>Resubmission Project Cost:</td><td>£5,490k</td></tr><tr><td>Mandatory 10% Contribution:</td><td>£382k</td></tr><tr><td>Extra Contribution:</td><td>£431k</td></tr><tr><td>Total DNO Contribution:</td><td>£813k</td></tr></table>	Initial Project Cost:	£5,801k	Mandatory 10% DNO Contribution:	£580k	Total DNO Contribution:	£580k	Resubmission Project Cost:	£5,490k	Mandatory 10% Contribution:	£382k	Extra Contribution:	£431k	Total DNO Contribution:	£813k
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Attachments															
Verbal Clarifications (Consultants)															